



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 26, 2011

S. 550 **Fire Grants Reauthorization Act of 2011**

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on May 18, 2011*

SUMMARY

S. 550 would authorize appropriations totaling about \$9.8 billion for the U.S. Fire Administration (USFA) to award grants to fire departments to aid in preventing and responding to fires and other related hazards. CBO estimates that implementing this legislation would cost about \$6.4 billion over the 2012-2016 period and about \$3.4 billion thereafter, assuming appropriation of the necessary and specified amounts.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 550 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 550 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars					2012-
	2012	2013	2014	2015	2016	2016
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Assistance to Firefighters Grants						
Estimated Authorization Level	950	964	982	1,000	1,022	4,918
Estimated Outlays	20	500	768	922	978	3,188
Staffing for Adequate Fire and Emergency Response Grants						
Estimated Authorization Level	950	964	982	1,000	1,022	4,918
Estimated Outlays	20	500	768	922	978	3,188
Total Changes						
Estimated Authorization Level	1,900	1,928	1,964	2,000	2,044	9,836
Estimated Outlays	40	1,000	1,536	1,844	1,956	6,376

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted by the end of 2011 and that the amounts specified and estimated to be necessary will be appropriated each year.

Assistance to Firefighter Grants (AFG)

S. 550 would authorize the appropriation of \$950 million in 2012 for the USFA to award grants to fire departments, state fire-training academies, and other organizations. In 2011, the Congress provided \$405 million for this purpose (see Public Law 112-10). In addition, the bill would authorize appropriations over the 2013-2016 period equal to the amount authorized in the previous year, adjusted for the year-over-year increase in the Consumer Price Index, for the same purpose. CBO estimates that those amounts would total about \$4 billion over that period, for a total authorization level of \$4.9 billion over the next five years.

Established in 2000, the AFG program provides funding to train personnel, modify facilities, and obtain equipment, protective gear, emergency vehicles, training, and other resources to respond to fire and related hazards. S. 550 would expand eligibility to include state fire training academies and would increase minimum funding for fire prevention and safety programs from 5 percent to 10 percent of the total appropriated amount. In addition, the legislation would decrease the matching requirement for grantees from 20 percent to 15 percent (or lower for smaller-sized communities).

Based on historical spending patterns, CBO estimates that implementing this program would cost about \$3.2 billion over the 2012-2016 period and about \$1.7 billion thereafter, assuming appropriation of the specified and estimated amounts.

Staffing for Adequate Fire and Emergency Response (SAFER) Grants

S. 550 would authorize the appropriation of \$950 million in 2012 for the USFA to award grants to fire departments to facilitate retention and hiring of personnel. In 2011, the Congress provided \$405 million for this purpose (see Public Law 112-10). In addition, the bill would authorize appropriations over the 2013-2016 period equal to the amount authorized in the previous year, adjusted for the year-over-year increase in the Consumer Price Index, for the same purpose. CBO estimates that those amounts would total about \$4 billion over that period, for a total authorization level of \$4.9 billion over the next five years.

Established in 2003, the SAFER grant program provides funding to hire additional firefighters and to recruit and retain volunteer firefighters. S. 550 would reduce the term of a SAFER grant from four years to three years. In addition, the legislation would limit grant funding to 75 percent of the total cost of hiring a firefighter for the duration of the grant. Under current law, grants cover 90 percent of the cost of a new hire in the first year and gradually decreases to 30 percent in the fourth year. The bill would allow USFA to waive the cost share as well as the existing requirement to retain additional personnel hired under the grant for at least a year during periods of economic hardship.

CBO estimates that implementing the SAFER grant program under the bill would cost about \$3.2 billion over the 2012-2016 period and about \$1.7 billion thereafter, assuming appropriation of the specified and estimated amounts.

Inspector General Report

The bill also would direct the Inspector General of the Department of Homeland Security to report to the Congress on the cost of grant programs operated by the Federal Emergency Management Agency and the degree to which those programs provide duplicative or overlapping assistance. Based on similar studies, the cost of producing this study would be less than \$500,000 in 2012, CBO estimates.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 550 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Those governments would benefit from grants and technical assistance provided by programs authorized in the bill. Any costs to those governments would be incurred voluntarily as conditions of federal assistance.

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